

## News Release

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### *Department of Natural Resources checking status of energy operations in wake of Hurricane Gustav*

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The Department of Natural Resources is continuing with its efforts in assisting oil and gas exploration and production companies in bringing their operations back on line and getting fuel flowing. The Department's Office of Conservation is currently in the process of contacting 126 operators with producing wells in a 17-parish region for information regarding the status of their production operations.

The parishes included in this survey are Acadia, Assumption, Calcasieu, Cameron, Iberia, Jefferson, Jefferson Davis, Lafayette, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. Martin, St. Mary, Terrebonne, and Vermilion. We have currently received replies from 57 operators in the region.

Department of Natural Resources Secretary Scott Angelle said he has been encouraged by what he has seen so far in the wake of Hurricane Gustav.

"The basic infrastructure of the state's oil and gas industry appears to have weathered the storm with almost no damage, and we hope the assessments in the coming days continue to bear that out," Angelle said. "This state and this department recognize the value of the oil and gas industry not only to the nation's economy, but to the recovery of the state following the storm. We will continue to assist in bringing the industry fully back on line in the state in a speedy and responsible manner."

Angelle said he wanted to thank Don Briggs, president of the Louisiana Oil and Gas Association; Chris John, president of the Louisiana Mid-Continent Oil and Gas Association; and Dan Borne', president of the Louisiana Chemical Association, for their efforts and their organizations' help in the state's recovery effort.

Briggs said that the industry is continuing its assessment of the condition of its equipment in the wake of the storm, and is appreciative of the help the Department of Natural Resources has provided.

"The work the Department has done in helping us with access to our production assets has been very helpful," Briggs said.

Chris John, President of the Louisiana Mid-Continent Oil and Gas Association, commended Secretary Angelle and the DNR employees for their assistance following the hurricane. "The Department was very helpful in assisting the industry in getting production, pipelines and refining up and running in a very short period of time. The cooperation between the state and the

industry was a key element in making sure the state had the fuel it needed to facilitate the recovery effort."

Listed below are the current results of the ongoing survey. Production capacity for the seventeen parish region is estimated using the average of production reported to the Office of Conservation for the period January 2008 to April 2008 --

- The estimated amount of restored oil production is 18,621 barrels of oil per day (BOPD). This restored oil production figure is equivalent to 12% of the daily oil production capacity of the seventeen parish region, which is approximately 155,767 BOPD.
- The estimated amount of shut-in oil production is 80,978 BOPD which is equivalent to 52% of the daily oil production capacity of the region. The status of the remaining 56,167 BOPD (36%) oil production capacity in the region has not yet been confirmed.
- Using the closing spot market price for Sept. 9, 2008 of \$105.55/bbl average of Louisiana heavy sweet and light sweet crudes, 80,978 BOPD of shut-in oil represents:

\$8.547 million/day oil production value

\$1.709 million/day oil royalties @ assumed 20% royalty rate

\$1.068 million/day oil severance taxes @ assumed full severance tax rate of 12.5% of value

- The estimated amount of restored gas production is 278 MMcf/d. This restored gas production figure is equivalent to 17% of the daily gas production capacity of the seventeen parish region, which is approximately 1,642 MMcf/d.
- The estimated amount of shut-in gas production is 658 MMcf/d which is equivalent to 40% of the daily gas production capacity of the region. The status of the remaining 704 MMcf/d (43%) gas production capacity in the region has not yet been confirmed.
- Using the closing spot market price for Sept. 9, 2008 of \$7.41/MMBtu average Henry Hub cash price, 658 MMcf/day of shut-in natural gas represents:

\$5.071 million/day gas production value

\$1.014 million/day gas royalties @ assumed 20% royalty

\$0.190 million/day gas severance taxes @ assumed full gas severance tax rate of \$0.288 per Mcf

The survey does not include information on federal wells in the Outer Continental Shelf – Gulf (OCS-G) region. Louisiana has jurisdiction over oil and gas properties and rights out to three miles as a result of a U.S. Supreme Court decision in 1976. For oil and gas production data and information beyond the state line, see the federal government's Minerals Management Services Web site, <http://www.gomr.mms.gov/homepg/whatsnew/hurricane/>.

The Office of Conservation will be continuing to work with production companies to get the latest updates on the status of operators in the area, and updates will be posted regularly at .